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Embezzlement charges go to grand jury

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STAUNTON — Sometimes, they played for free. Other times — when the defendant was handing out the cards — they got \$100 to start their bingo.

Former Skating Club employee Scarlett McDaniels testified Wednesday in Staunton General District Court that her boss, Jackie Lee Southern Jr., used to give away bingo games and cash to his relatives.

Southern stands accused of embezzling about \$500,000 dollars from the charity between October 2002 and December 2003.

Judge A. Lee McGratty certified charges Wednesday against Southern on three counts of embezzlement and one count of credit card fraud.

McDaniels testified that club bingo operators were told to give Southern's family free cards. To avoid suspicion, they would pay a \$5 bill and receive five \$1 bills, she said.

But when Southern handed out the cards, McDaniels said she saw him hand back five \$20 bills instead.

McDaniels and two other former club employees, Irene McDaniel and Amber Hartsook, also testified that Southern frequently took money from the games.

Sometimes he would say it was for bingo winners, sometimes he would take it and leave the building, Scarlett McDaniels said.

The Skating Club was supposed to be raising money for youth athletics. However, auditors and investigators from the Virginia Department of Charitable Gaming testified Wednesday that Southern used several hundred thousand dollars in bingo money for personal expenses.

Vicki Cole, a state gaming department auditor, said in addition to underreported profits, she found Southern had used a club credit card improperly to charge expenses at Wal-Mart, Belk, Sears and Crest Animal Hospital, among others.

Another gaming official, Frank Duffy Jr., said that Southern admitted that he'd taken money from the bingo — just not that much.

"He said, 'I took a little in excess of \$100,000,'" Duffy said.

Duffy said Southern also had admitted to using the club's credit card for bills and other personal expenses, including new tires for his car and a CD player.

Southern's attorney, James Dungan, asked if Duffy had pressed Southern about what happened to an additional \$390,000 that he hadn't confessed to taking, and if he'd questioned anyone else in relation to that money. Duffy said no.

A Staunton grand jury will review Southern's case April 18.